

MAY 18 1964



1964 annual report
year ended February 29

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Canadian Cannery Limited

CANADIAN CANNERS LIMITED

DIRECTORS

*WM. HERBERT CARR - - - San Francisco, California
*J. E. COUNTRYMAN - - - San Francisco, California
L. M. CRANDALL - - - - - Pembroke, Ontario
*W. I. DRYNAN - - - - - Hamilton, Ontario
G. ARNOLD HART - - - - - Montreal, Quebec
L. H. JOHNSTON - - - - - Hamilton, Ontario
R. G. LUCKS - - - - - San Francisco, California
R. M. MAPP - - - - - Hamilton, Ontario
A. L. NELSON - - - - - Hamilton, Ontario
LEONARD A. PHILIP - - - - - Toronto, Ontario
H. G. STAPELLS, Q.C. - - - - - Toronto, Ontario
*R. B. YERBY, JR. - - - - - San Francisco, California

*—Member of Executive Committee

OFFICERS

J. E. COUNTRYMAN - - - - - Chairman of the Board
*W. I. DRYNAN - - - - - President
*L. H. JOHNSTON - - - - - Executive Vice-President
*R. M. MAPP - - - - - Vice-President Marketing
*A. L. NELSON - - - - - Vice-President Production
H. B. HECTOR - - - - - Treasurer
R. FOX - - - - - Controller
T. V. MCGINN - - - - - Secretary
A. L. CROCE - - - - - Assistant Secretary
T. H. DAVIES - - - - - Assistant Secretary

*—Member of Management Committee

HEAD OFFICE

44 Hughson Street South, Hamilton, Ontario

SUBSIDIARY COMPANIES

AYLMER FOODS WAREHOUSING LIMITED

W. I. DRYNAN, President
E. JONES, Manager

CANNERS MACHINERY LIMITED

W. I. DRYNAN, President
G. P. BLIGHT, General Manager

WAGSTAFFE LIMITED

C. R. DRYNAN, President and General Manager

WALMER TRANSPORT COMPANY LIMITED

W. I. DRYNAN, President
A. E. JEFFERIES, General Manager

REGISTRAR AND TRANSFER AGENTS

Royal Trust Company, Toronto and Montreal

TRUSTEE FOR DEBENTURE HOLDERS

Canada Permanent Trust Company

AUDITORS

Price Waterhouse & Co.

ANNUAL MEETING

June 19, 1964, 3:00 p.m. (E.D.S.T.), Head Office

DIRECTORS' REPORT TO SHAREHOLDERS

Consolidated earnings for the year ended February 29, 1964 of \$1,780,686 compare with \$614,270 for the prior year. Consolidated sales for the year totalled \$43,242,751, an increase of \$2,998,783 or 7% over the preceding year. Due to capital cost allowances in excess of book depreciation for the current and prior years being available for income tax purposes in the current year, provision for income taxes of \$300,000 reflects a reduction in income taxes which would otherwise be payable (see note 1 to financial statements).

The general level of pricing of processed foods was at a more stable level during the past year and contributed to the increased earnings of our Company. Our earnings reflect also the results of the production consolidation program followed by the Company in recent years. The industry's surplus stock position in some items of processed fruits and vegetables which has existed during recent years was partially corrected by reduced 1963 industry packs. The 1963 industry production was better balanced to meet consumer demands even though imports, particularly of fruit products, continued to be a disturbing influence in the movement of products processed from Canadian grown produce.

Export sales have progressed during the past year, but because of world market competitive conditions, continue to return a lower margin than domestic sales. The AYLMER brand position has been substantially strengthened in the United Kingdom and the West Indies.

During the year we have completed the development of the new AYLMER label featuring "The Brand with the Bright Red Band". Introduction of this important program, initiated early in 1964, has been accelerated, and is now becoming a slogan to the trade and a meaningful symbol to Canadian consumers. The new label was designed specifically to strengthen the AYLMER brand image by standardizing the label format and to give clarity to the full range of AYLMER products. A strong Advertising and Sales Promotion Program gives broad support to both AYLMER and DEL MONTE brands.

Our operating subsidiaries during the past year have made a major contribution to the overall company results and have continued to supply goods and services to their trade customers.

The manufactured goods inventories are reduced from February 28, 1963, but are in favourable balance in relation to sales requirements to 1964 pack dates. The supplies inventories are well controlled and are adequate for seasonal requirements.

During the year under review, \$1,187,000 was spent on a capital expenditure program for improvement and modernization of facilities at our canning plants and subsidiary companies.

Last year you were advised that a distribution warehouse facility was built in the Toronto-Rexdale area to provide for improved service to trade accounts. Results of the past year have proven this operation a success in all respects.

The capital structure of the company has 1,404,411 issued and outstanding common shares, all with equal voting rights of which 33 1/3% are Class A shares held by 3,800 Canadian shareholders and the balance are Class B shares substantially all of which are owned by California Packing Corporation. Dividends at the rate of 75c per share per annum have been paid on the Class A shares from the date of issue October 1, 1956 to January 1, 1964. No dividends have been paid on the Class B shares from the date of issue October 1, 1956. The Class B shares are entitled to dividends accumulating from date of issue at the rate of 75c per share per annum and aggregate unpaid dividends on the Class B shares amounted to \$5,091,000 at January 1, 1964.

Your Company has recently completed the purchase of all of the outstanding capital stock of Boese Foods Limited, a private company processing local crops in the Niagara-St. Catharines area. This company has established domestic and export markets, and with the anticipated operating flexibility, the long range potential will be improved. The company will continue to operate as Boese Foods Limited.

Your Directors wish to express their appreciation to the many growers, who during 1963 produced high quality raw produce for our AYLMER and DEL MONTE products and continually worked in close association with Company Agricultural and Research personnel.

At the October meeting of the Board of Directors, Mr. R. G. Lucks resigned as Chairman of the Board but will continue as a director of the Company. At the same meeting Mr. J. E. Countryman was elected Chairman of the Board. At the January meeting of the Board of Directors, Mr. L. H. Johnston, formerly Vice-President Finance & Controller was elected Executive Vice-President of the Company, and Mr. R. Fox, formerly Assistant Controller was appointed Controller.

On behalf of the Directors, we wish to acknowledge the effective contribution made by our employees to the Company during the past year.

At the Annual Meeting, the Company will continue the long established policy of awarding gold watches to those employees who have completed 25 years of continuous service.

Respectfully submitted,

For the Board of Directors,
J. E. COUNTRYMAN, W. I. DRYNAN,
Chairman. President.
Hamilton, Ontario,
April 24, 1964.

ASSETS

	<u>1964</u>	<u>1963</u>
Current Assets		
Cash	\$ 11,340	\$ 7,467
Accounts receivable	3,591,763	3,850,566
Inventories of merchandise, materials and supplies valued at the lower of cost or market	17,896,047	18,006,060
Costs allocable to future operations	678,436	571,519
	<u>22,177,586</u>	<u>22,435,612</u>
 Fixed Assets		
Land, buildings, plant and equipment, based chiefly on appraised sound values as reported by Can- adian Appraisal Company, Limited, in 1923, plus subsequent additions at cost	27,812,528	28,091,490
Less — Accumulated depreciation	15,716,538	15,987,179
	<u>12,095,990</u>	<u>12,104,311</u>
 Intangibles		
Brand names, trade marks, patents, processes, goodwill, etc.	3,242,620	3,242,620
	<u>3,242,620</u>	<u>3,242,620</u>
 Approved on Behalf of the Board		
W. I. DRYNAN, Director		
L. H. JOHNSTON, Director		
	<u>\$37,516,196</u>	<u>\$37,782,543</u>

NOTES

- 1.—The companies have followed the practice for a number of years of claiming for income tax purposes maximum capital cost allowances which are in excess of depreciation recorded in the accounts. For the year ended February 29, 1964, such claims have resulted in a reduction of \$619,000 in income taxes otherwise payable. The cumulative amount by which income taxes have thus been reduced is approximately \$1,665,000.
- 2.—The holders of Class A Common Shares are entitled to cumulative cash dividends at the rate of 75c per share per annum in priority to any dividends on the Class B Common Shares and dividends at the rate of 75c per share have been paid on the Class A Common Shares up to January 1, 1964. Subject to the prior rights of the Class A Common Shares, the holders of Class B Common Shares are entitled to cash dividends accumulating from the date of issue on October 1, 1956 at the rate of 75c per share per annum and the aggregate unpaid dividends on Class B Common Shares amount to \$5,091,000 at January 1, 1964. After the Class B Common Shares have received payment of all accumulated dividends, Class A and B Common Shares share equally in any dividends in excess of 75c per share per annum.

BALANCE SHEET

1964

LIABILITIES

	1964	1963
Current Liabilities		
Bank and other advances	\$ 3,019,753	\$ 4,881,545
Accounts payable and accruals	2,789,435	2,451,353
Income taxes payable	255,972	85,713
Other taxes payable	48,954	76,433
Debenture payments due within one year	315,000	315,000
	<u>6,429,114</u>	<u>7,810,044</u>
Sinking Fund Debentures (exclusive of payments due within one year)		
3 $\frac{3}{4}$ % maturing January 15, 1970	2,375,000	2,550,000
5% maturing June 15, 1973	2,880,000	3,020,000
	<u>5,255,000</u>	<u>5,570,000</u>
Shareholders' Equity		
Capital Stock (Note 2)		
Class A Common Shares without nominal or par value		
Authorized — 1,000,000		
Issued — 468,137	2,098,842	2,098,842
Class B Common Shares without nominal or par value		
Authorized — 2,000,000		
Issued — 936,274	4,197,685	4,197,685
	<u>6,296,527</u>	<u>6,296,527</u>
Earnings Retained and Used in Business	19,535,555	18,105,972
	<u>25,832,082</u>	<u>24,402,499</u>
	<u>\$37,516,196</u>	<u>\$37,782,543</u>

AUDITORS'
REPORT
TO THE
SHAREHOLDERS

We have examined the Consolidated Balance Sheet of Canadian Canners Limited and its subsidiary companies as at February 29, 1964 and the Consolidated Statement of Earnings and Earnings Retained and Used in Business for the year ended on that date and have obtained all the information and explanations we have required. Our examination was made in conformity with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying Consolidated Balance Sheet and Consolidated Statement of Earnings and Earnings Retained and Used in Business are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at February 29, 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, April 24, 1964.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

CONSOLIDATED STATEMENT OF EARNINGS *and Earnings Retained and Used in Business*
year ended February 29, 1964

	<u>1964</u>	<u>1963</u>
Net Sales	<u>\$43,242,751</u>	<u>\$40,243,968</u>
Costs and Expenses		
Costs and expenses, excluding items listed below	39,886,935	38,346,786
Depreciation	871,161	757,327
Debenture interest	251,725	267,157
Executive salaries and legal fees	148,244	154,428
Directors' fees	4,000	4,000
	<u>41,162,065</u>	<u>39,529,698</u>
Earnings before income taxes	2,080,686	714,270
Provision for income taxes (Note 1)	300,000	100,000
Earnings for year	<u>1,780,686</u>	<u>614,270</u>
Earnings retained, beginning of year	18,105,972	17,842,805
	<u>19,886,658</u>	<u>18,457,075</u>
Dividends on Class A common shares	351,103	351,103
Earnings retained, end of year	<u><u>\$19,535,555</u></u>	<u><u>\$18,105,972</u></u>

AYLMER BRAND PRODUCTS

FRUITS

Apricots
Blueberries
Bing Cherries
Red Pitted Cherries
Fruit Cocktail
Fruit Salad
Peaches
Bartlett Pears
Dessert Pears
Pineapple
Plums
Raspberries
Strawberries

VEGETABLES

Asparagus
Asparagus in Cheese Sauce
Blue Lake Green Beans
Wax Beans
Seasoned French-Style Wax Beans
Lima Beans
Beets
Harvard Beets
Carrots
Cream Style Corn
Kernel Corn
Corn-On-Cob
Mixed Vegetables
Peas
Peas and Carrots
Sweet Potatoes
Whole Potatoes
Pimientos
Pumpkin
Sauerkraut
Spinach
Tomatoes
Tomato Juice

SOUPS

Asparagus
Beef Noodle
Cream of Celery
Consomme
Chicken Gumbo
Chicken with Rice
Chicken Noodle
Chicken Vegetable
Cream of Chicken
Cream of Mushroom

SOUPS (Cont.)

Cream of Oyster
French-Canadian Pea
Home Style Bean
Minestrone
Scotch Broth
Tomato
Tomato Noodle
Tomato Rice
Vegetable
Vegetable-Beef

SPECIAL DIETS

Sucaryl Fruits

Applesauce
Apricots
Red Pitted Cherries
Bing Cherries
Fruit Cocktail
Fruit Salad
Peaches
Bartlett Pears
Pineapple
Plums
Raspberries
Strawberries

Special Diets Pickles

Sweet Mixed
Sweet Wafer

Sucaryl Drinks

Orange-Apricot
Pineapple-Grapefruit
Pineapple-Orange

Special Diets Spreads

Apple
Black Currant
Blueberry
Red Cherry
Orange-Lemon-Grapefruit
Seville Orange
Peach
Pineapple
Damson Plum
Raspberry
Strawberry

Salt Free Vegetables

Asparagus

Salt Free Vegetables (Cont.)

Wax Beans
Green Beans
Kernel Corn
Peas
Tomatoes
Tomato Juice

Salt Free Soups

Chicken with Rice
Cream of Mushroom
Tomato
Vegetable

SPECIALTIES

Boston Brown Beans with Pork and Tomato Sauce
Canadian Style Beans with Pork
Baby Lima Beans in Tomato Sauce
Catsup
Chili Sauce
Stewed Tomatoes

FROZEN FOODS

Blue Lake Green Beans
Blackberries
Blueberries
Carrots
Red Pitted Cherries
Peas
French Fried Potatoes
Raspberries
Strawberries
Spinach
Mixed Vegetables

OLIVES

Plain Queens
Stuffed Manzanillas
Stuffed Queens

PICKLES

Banana Peppers
Pickled Beets

PICKLES (Cont.)

Cauliflower & Onions
Dill Pickle Stix
Fresh Pack Dills
Kosher Dills
Whole Dills
Imported White Dutch Onions
Green Tomato Pickle
Sweet Gherkins
Sweet Wafer
Sweet Mustard
Sweet Mixed
Sour Mixed
Pimientos

RELISHES

Chutney
Corn
Hamburg
Hot Dog
Sweet Green

GLACE FRUITS MARASCHINO CHERRIES CANDIED PEELS

Lemon, Orange and Citron Peel
Lemon, Orange and Citron Caps
Glacé Pineapple Rings
Mincemeat
Glacé Red and Green Cherries
Maraschino Red and Green Cherries
Cut Mixed Glacé Fruits
Crystallized Ginger
Preserved Ginger in Syrup

MARMALADES

Pure Seville Orange
Pure Orange, Lemon and Grapefruit

MARMALADE (Cont.)

Pure Pineapple
Orange and Grapefruit

PECTIN JAMS AND JELLIES

Apple Jelly
Apricot Jam
Black Currant Jam
Blueberry Jam
Cherry Jam
Grape Jam
Peach Jam
Raspberry Jam
Red Plum Jam
Strawberry Jam

PURE JAMS AND JELLIES

Apricot Jam
Black Currant Jam
Black Currant Jelly
Blueberry Jam
Bramble Jelly
Cherry Jam
Crabapple Jelly
Cranberry Jelly
Cranberry Sauce
Red Currant Jelly
Grape Jam
Grape Jelly
Mint Jelly
Peach Jam
Red Plum Jam
Damson Plum Jam
Raspberry Jam
Strawberry Jam

FRUIT PIE FILLINGS

Apple
Blueberry
Cherry
Peach
Pineapple
Pumpkin
Raisin
Raspberry
Strawberry

DelMonte BRAND PRODUCTS

FRUITS

Apricots
Figs
Fruit Cocktail
Fruits for Salad
Yellow Cling Peaches
Bartlett Pears
Pineapple
Pineapple Juice

FRUITS (Cont.)

Stewed Prunes
Prune Nectar

FRUIT DRINKS

Orange-Apricot
Pineapple-Grapefruit
Pineapple-Orange
Pineapple-Pear

CITRUS

Grapefruit Juice
Orange Juice
Blended Orange and Grapefruit Juice

VEGETABLES

Asparagus
Wax Beans
Seasoned French-style Wax Beans

VEGETABLES (Cont.)

Blue Lake Green Beans
Seasoned French-style Blue Lake Green Beans
Cream Style Corn
Kernel Corn
Peas
Peas and Carrots

VEGETABLES (Cont.)

Spinach
Tomato Juice
Zucchini

SPECIALTIES

Catsup
Chili Sauce
Stewed Tomatoes
Tomato Sauce

AYLMER SALES & BROKER OFFICES

NEWFOUNDLAND BROKERAGE LIMITED (Broker)	ST. JOHN'S, Nfld.
CANADIAN CANNERS LIMITED (Maritimes District Sales Office)	PICTOU, N.S.
PYKE BROS. LIMITED (Broker)	HALIFAX, N.S.
CANADIAN CANNERS LIMITED	SAINT JOHN, N.B.
CANADIAN CANNERS LIMITED	MONCTON, N.B.
CANADIAN CANNERS LIMITED	SYDNEY, N.S.
CANADIAN CANNERS LIMITED (Quebec District Sales Office)	MONTREAL, Que.
MITCHELL & WHITEHEAD, REG'D. (Broker)	QUEBEC, Que.
JAMES KYD & SONS, LIMITED (Broker)	OTTAWA, Ont.
CANADIAN CANNERS LIMITED (Ontario District Sales Office)	TORONTO, Ont.
CANADIAN CANNERS LIMITED (Mid-West District Sales Office)	WINNIPEG, Man.
CANADIAN CANNERS LIMITED (Alberta District Sales Office)	EDMONTON, Alta.
CANADIAN CANNERS LIMITED (British Columbia District Sales Office)	VANCOUVER, B.C.

DelMonte BROKER OFFICES

F. M. O'LEARY LIMITED	ST. JOHN'S, Nfld.
R. H. ATKINSON & CO.	CHARLOTTETOWN, P.E.I.
O. N. MANN LIMITED	SYDNEY, N.S.
CREIGHTONS LIMITED	HALIFAX, N.S.
LEONARD & MacDONALD, LTD.	SAINT JOHN, N.B.
WATT & SCOTT LIMITED	MONTREAL, Que.
A. S. MAY & COMPANY LIMITED	TORONTO, Ont.
LESLIE A. S. COX	FORT WILLIAM, Ont.
TEES & PERSSE LIMITED	WINNIPEG, Man.
TEES & PERSSE LIMITED	REGINA, Sask.
TEES & PERSSE LIMITED	SASKATOON, Sask.
TEES & PERSSE LIMITED	EDMONTON, Alta.
TEES & PERSSE LIMITED	CALGARY, Alta.
TEES & PERSSE LIMITED	VANCOUVER, B.C.